NOVA SCOTIA
HOUSE OF ASSEMBLY

Nova Scotia

BUDGET HIGHLIGHTS

1989-90

Honourable Greg Kerr
Minister of Finance

Nova Scotia

1989 BUDGET HIGHLIGHTS

MAY 5, 1989

ECONOMIC ENVIRONMENT

The Nova Scotia economy experienced 3.2 percent real growth in 1988.

- Second highest rate of employment growth in Canada last year.
- Unemployment rate dropped for the third consecutive year to 10.2 percent — lowest rate since 1981.
- Real growth of 15.8 percent in mining sector.
- Record traffic through Port of Halifax.
- 11,000 new jobs in service sector.

Service sector will continue to be a strong contributor to real economic growth in 1989.

- Another record-breaking year for the Port anticipated.
- Excellent year for tourism expected.

Strong growth in construction activity forecast this year.

FISCAL SITUATION 1988-89

The 1988-89 operating deficit is further reduced by $47.8 million to a forecast $70.1 million.

Deficit reduced far more rapidly than anticipated without disrupting economic progress or delivery of quality social programs.

Total financial requirements for 1988-89 are $25 million less than estimated.

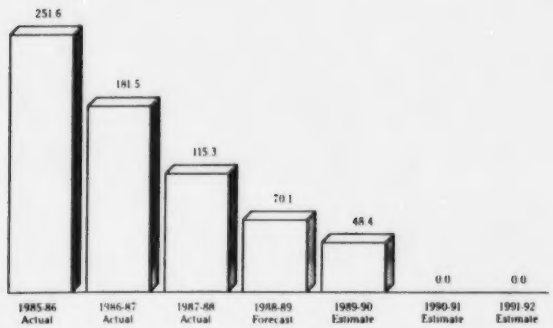
FISCAL PLAN 1989-90

The 1989-90 operating deficit target is estimated to be $48.4 million — $36.6 million lower than the target set last year.

The annual operating deficit has declined by more than $200 million in less than five years.

The operating budget will be balanced next year.

FISCAL PLAN FOR DEFICIT REDUCTION
($ Millions)



Government to concentrate its efforts on reducing borrowing requirements.

Plan to move towards borrowing for capital requirements alone.

Program Planning to proceed in a realistic and orderly fashion within the established fiscal plan.

The government will ensure that programs and services fundamental to the quality of life of Nova Scotians are preserved and enhanced.

EDUCATIONAL OPPORTUNITIES FOR NOVA SCOTIANS

Emphasis on preparing Nova Scotians of all ages to meet career challenges.

Over $984 million allocated for provision of educational opportunities.

- $594.8 million in grants to school boards and municipalities.
- $215.0 million in assistance to universities.

Curriculum requirements in Nova Scotia's Senior High School Program strengthened.

Benefits of new Community College System are far-reaching and long-lasting.

College de L' Acadie to be established to provide French language instruction to Francophone Nova Scotians.

COST OF HEALTH CARE

National concern for the staggering costs of providing health care to Canadians.

Over $1 billion allocated in 1989-90 for the provision of health care programs and services in Nova Scotia.

Accumulated deficiency of health care revenues to expenditures is projected to exceed $1.8 billion in 1989-90.

Royal Commission on Health Care to recommend ways to achieve cost efficiencies in the delivery of health care programs and services. Commission to report later this year.

PRESERVING THE SOCIAL FABRIC

Over $410 million provided in 1989-90 through the Department of Community Services for a wide range of programs and services for Nova Scotians less fortunate than others.

- Provincial support for Homes for Special Care will increase to 66⅔ percent of actual municipal cost to total $62.6 million — an annual increase of 30.1 percent.

- Doubling of last year's commitment to Home Care Program — $14.8 million.
- Funding for the provision of children's services will total $25.4 million in 1989-90 — an increase of 30.6 percent.

AFFORDABLE HOUSING

The need for affordable housing within Nova Scotia will continue to be addressed.

More than 1200 new housing units will be constructed as a result of our government-sponsored programs.

Approximately 3200 units will qualify for assistance under repair and renovation programs.

Subsidies will continue for:

- 10,700 public housing units
- 1300 rural and native housing units
- 326 rent supplement units.

The Nova Scotia Home Ownership Savings Plan (NSHOSP) will come into effect January 1, 1990. Plan will extend tax assistance to low- and middle-income families saving for the purchase of their first home.

PROTECTING NOVA SCOTIA'S ENVIRONMENT

Continue to build upon Environmental Enhancement Program established last year.

- Youth Conservation Corps established to promote youth involvement in preservation and enhancement of the environment.
- Seven new pieces of environmental legislation introduced.
- Continuing with implementation of recommendations of Minister's Task Force on Hazardous Waste Management.
- Studies underway to determine degree of river water pollution in province.

- Halifax Harbour Clean-up Program moving forward.
- Nova Scotia Power Corporation Pollution Abatement Program will be instituted.

TAXATION

Separate Tobacco Tax Act to be introduced.

Effective midnight tonight, Health Services Tax will be applicable to retail sales of tobacco products.

New exemptions from Health Services Tax:

- generators used in logging industry where power is not available from a public utility
- equipment used to generate electricity for emergency use in a mine.

Health Services Tax will be refundable to a maximum of $300 per person for:

- computers purchased by students in full-time attendance at universities or community colleges
- computers purchased by persons visually or hearing impaired.

Independent Tax Review Board will be created to improve appeal procedures under the Health Services Tax Act, Tobacco Tax Act and the Gasoline and Diesel Oil Tax Act.

Insurance premium tax rates increased from 2 to 3 percent on life insurance premiums and 3 to 4 percent on general insurance premiums effective July 1, 1989.

Adjustments to a variety of fees and licenses.

Tax rates in Nova Scotia will not increase this year for:

- **Individual Income Tax**
- **Corporate Income Taxes**
- **Health Services Tax**
- **Gasoline and Diesel Oil Taxes.**

Nova Scotia

NOVA SCOTIA
HOUSE OF ASSEMBLY
MAY 5, 1989

BUDGET ADDRESS

PROVINCE OF NOVA SCOTIA
1989-90

HONOURABLE GREG KERR
MINISTER OF FINANCE

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BUDGET ADDRESS

Province of Nova Scotia

Honourable Greg Kerr
Minister of Finance

INTRODUCTION

It is once again my honour to present to the House of Assembly and the people of Nova Scotia our government's fiscal plan for 1989-90.

We are in the last year of an exciting decade of economic and social progress.

The past ten years have presented tremendous challenges for government, business and the people of Nova Scotia. The economic circumstances during this period have demanded a fiscal policy environment that has been responsive to changing pressures yet sensitive to emerging social needs of our community.

It has been the government's task to develop the policies and programs necessary to build upon the rich economic and human resource potential of this province. In doing so, we have remained steadfast in our social and fiscal policy commitments to Nova Scotians.

Significant strides have been achieved throughout the past decade.

Significant strides throughout the past decade

- Government policies and programs have responded to the needs and ideas of Nova Scotia industry. We have directed our initiatives towards the development of a strong and resourceful private sector which, I am pleased to say, has expanded into world markets.

- All sectors of Nova Scotia's diverse economy have experienced significant real growth over this past decade, providing thousands of new job opportunities for the people of this province.

- Our educational system has been greatly enhanced to equip Nova Scotians of all ages with the knowledge and skills necessary to meet the rapidly changing demands of society.

- An extensive range of social programs has evolved to meet the changing needs of Nova Scotia's families, seniors and the disabled.

- Nova Scotia's health care delivery system has been preserved and in many instances expanded to ensure the continued provision of high quality programs and services.

- A comprehensive environmental enhancement program has been set in place to protect Nova Scotia's valuable environmental assets.

- A strategic planning process adopted throughout government has enabled the planning and delivery of public sector programs on the basis of need, value and affordability.

- A three-year fiscal planning process has been successfully implemented, resulting in substantial declines in the province's net operating requirements.

Throughout this past decade the combined pressures of limited financial resources and the growing demand for public sector programs and services has required difficult decisions by all levels of government.

Through sound fiscal management, the government has effectively brought about a gradual but steady decline in the operating deficit without disrupting essential services.

Preparing for new opportunities and challenges

As we prepare ourselves for a new decade of opportunities and challenges, we will continue with confidence to build upon the economic and social progress achieved throughout the 1980's.

In 1986-87 the government made a commitment to reduce the operating deficit. We are as firmly committed to this objective today as we were four years ago.

Through the effective delivery of cost-efficient programs and services, we will continue to achieve fiscal restraint without forsaking economic opportunities or social needs of Nova Scotians.

We are confident that the government policies and programs that are inherent in this year's fiscal plan will greatly assist Nova Scotians as we move towards the twenty-first century.

Before outlining the government's fiscal plan for 1989-90, I would like to take a few moments to comment on the excellent achievements made throughout Nova Scotia's economy during the past year, and the outlook for 1989.

ECONOMIC ENVIRONMENT

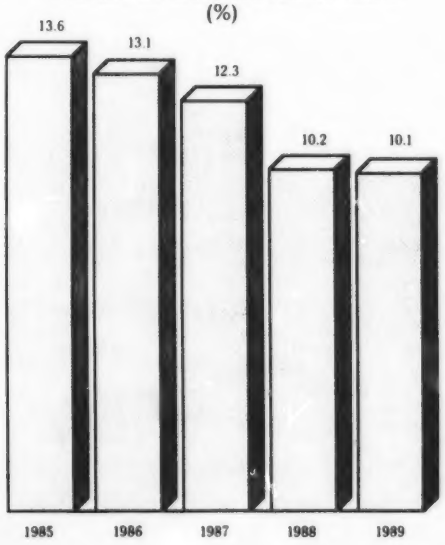
Nova Scotia's broad economic base once again enabled our province to enjoy solid real output growth during the past year. An overall increase of 3.2 percent in real domestic product during 1988 was generated by gains in nearly every goods and service producing industry.

Employment growth – second highest in Canada

I am pleased to announce that, as a result of this healthy level of economic activity, Nova Scotia recorded the second highest rate of employment growth in Canada.

During this twelve-month period, the annual average number of persons employed grew to 366,000, a substantial increase of 16,000 over 1987 employment levels.

DECLINING UNEMPLOYMENT RATE
(%)



Consequently, the unemployment rate in Nova Scotia dropped for the third consecutive year in 1988 to 10.2 percent. This was the lowest unemployment rate experienced since 1981. This impressive decline in the unemployment rate was enjoyed throughout all regions of Nova Scotia.

Per capita personal income from all sources increased 6 percent during the year.

The annual rate of inflation, as measured by the Consumer Price Index for Halifax, was only 3.7 percent. This compares favourably to a national average rate of 4.1 percent and represents the third consecutive year in which our rate of inflation has been below that recorded for the rest of Canada.

The overall growth in Nova Scotia's economy last year represented an encouraging mix of output gains from both the traditional industries and the expanding potential of our growing service sector.

Exceptional growth in mining activity

The mining industry turned in an excellent performance in 1988. The production of saleable coal rose 33 percent to 4.5 million tonnes.

Export coal sales more than doubled to 1.2 million tonnes. Domestic sales were enhanced with the continued conversion from imported oil to locally produced high energy coal.

Tin production at the East Kemptville mine exceeded all expectations in 1988 with an increase in production levels of 11 percent. Higher tin prices and metal recoveries in concentrate all contributed to this strong performance.

Gypsum and aggregates also achieved higher production levels in response to the increased demand for construction materials both locally and in the United States.

Enhanced activity in each of these industries contributed to an exceptional real growth rate in the mining sector of 15.8 percent last year.

Non-residential construction activity exhibited continued strength throughout 1988 as capital and repair expenditures reached an estimated $1.4 billion. Residential construction remained high with housing starts totalling 5478 units. The construction sector registered an overall real increase of 3 percent.

The forestry sector experienced another year of steady real growth in 1988. Sawmill production increased 17 percent. The value of pulp and paper production increased 11.2 percent to an estimated $657 million. Proper forest management programs continue to be of paramount importance to this industry. Intensified silviculture efforts are regenerating woodfibre supplies.

In the agricultural sector, bumper harvests of apples and blueberries highlighted 1988. The apple crop last year was the largest in the province since 1946. Farm cash receipts from poultry and egg production increased 14 percent to $60.9 million. Increased demand for poultry is expected to continue to stimulate production in this sector.

Fishing continues to be a major industry in Nova Scotia, with a processed value of nearly $1 billion. Market constraints, however, affected the fishing sector throughout 1988. After three years of phenomenal increases, the value of fish landings moderated somewhat from the peak performance of 1987 due to resource availability, weakened fish prices and the higher Canadian dollar exchange rate. Despite these recent developments, however, the value of fish landings continued to be well above pre-1987 levels.

Promising future for manufacturing sector

Steady real growth was achieved in Nova Scotia's manufacturing sector last year with 2000 more people employed than one year earlier. The future of the manufacturing sector continues to look promising as 1989 will represent the first full year of production of three large high-technology manufacturing plants.

Capital investment in machinery and equipment has also been exceptionally strong in recent years. An increase of 18.8 percent was experienced in 1988, reflecting to a large extent plant modernization in several industries.

Nova Scotia's service sector, which accounts for more than two-thirds of the economy's total employment, displayed an impressive performance in 1988.

An increase of 11,000 jobs in service industries pushed the total employment in this sector to approximately 265,000 persons.

11,000 new jobs in service industries

Shipping activity can only be described as phenomenal during 1988. Traffic through the Port of Halifax set another record with the handling of 16.2 million tonnes.

Container shipments through the Port increased 27 percent over 1987 levels. Halifax has indeed been recognized worldwide for its strategic location along the eastern seaboard of North America. It is a regular destination of 35 container lines, a number of which have commenced operating through this Port over the past two years.

Large employment gains were experienced in both business and accommodation and food services. Major contributing factors have been the growth of convention business and the buoyant tourist trade enjoyed throughout the province.

Spending by tourists in Nova Scotia contributed an estimated $760 million to the economy during the past year. Approximately 22,500 Nova Scotians are directly employed in travel-related jobs.

We are expecting another year of solid growth for Nova Scotia's economy in 1989. The service sector will continue to be a strong contributor to real economic growth this year.

Container traffic through Halifax during the first three months of this year has shown an impressive 14 percent increase over the same period for 1988. The Port is expecting another record-breaking performance in 1989.

Another record-breaking year for Port of Halifax

Nova Scotia has been recognized as one of the top five group tour destinations throughout Canada and the United States for 1989. Promotion of Nova Scotia as the Festival Province of Canada and the industry's ability to give good value for the vacation dollar will result in another excellent year for tourism.

Our primary resource sectors are expected to continue to maintain real growth as well. Encouraging expansion is anticipated within our forestry industry as a result of the recent modernization of pulp and paper plants located in the province.

Construction industry activity is expected to remain strong in 1989 as indicated by the increase in the value of building permits during the second half of 1988.

We are confident that Nova Scotia's diverse economic base will ensure continued gains in both employment and income levels.

FISCAL SITUATION 1988-89

A strong economic environment has been characteristic of the Nova Scotia economy during the post recession years of the last decade. During this period, the government has aggressively tackled the deficit problem.

When we were confident that the economy had stabilized, we undertook measures to substantially reduce the operating deficit.

In 1987-88 we formally introduced a three-year fiscal plan that would see the operating deficit gradually and steadily reduced.

In the budgeting process of last year the success in our deficit reduction strategy became quite evident. We surpassed our goals and lowered our deficit targets.

In last year's budget we were estimating a deficit of $117.9 million for 1988-89. I am pleased to report the deficit has been further reduced by $47.8 million and is now forecast to be $70.1 million.

Deficit $47.8 million lower than estimated

During the past fiscal year, total revenues increased substantially over original estimates. A large portion of this increase stemmed from greater than anticipated provincial income tax revenues, indicative of Nova Scotia's healthy economy.

Greater demands, however, were placed on the delivery of a number of programs and services for Nova Scotians. More funding was required in areas such as medical services, agricultural assistance and the sharing of municipal social service costs.

Additional funding of $10 million was provided to the Nova Scotia Research Foundation to establish the Nova Scotia First Fund. This initiative was undertaken to encourage the further development of high technology industries in the province and the adaptation of new technologies in existing industries.

Despite these necessary increased expenditures more than half of the additional revenues was applied to deficit reduction.

Not only has the deficit level been reduced far more rapidly than originally anticipated, but this decrease has been achieved without disrupting economic progress throughout the province or the delivery of quality social programs to Nova Scotians. Furthermore, total financial requirements for 1988-89 are forecast to be $25 million less than the estimate of one year ago.

We have reacted to the many pressures that have affected all governments in recent years, in a responsible and forthright manner. We are now witnessing the sound fiscal management policies adopted by our government.

Fiscal policies working

FISCAL PLAN 1989-90

The budgetary plan for 1989-90 continues to reflect this government's strong sense of fiscal responsibility.

The deficit target for 1989-90 was $85 million. I am very pleased to report that the deficit is now estimated at $48.4 million — $36.6 million lower than the target established last year.

In less than five years the annual operating deficit has been reduced by more than $200 million. This very important achievement has been accomplished in a responsible and effective manner without disrupting the services and programs provided to Nova Scotians.

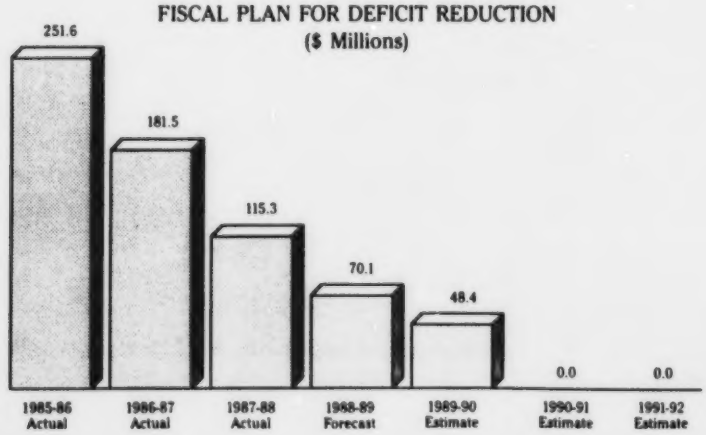
$200 million deficit reduction in less than five years

As a result of this success, I am very pleased to announce that we are once again able to revise our three-year fiscal plan for deficit reduction.

Next year our government will balance the operating budget.

Balanced operating budget next year

FISCAL PLAN FOR DEFICIT REDUCTION
($ Millions)



This is indeed an important beginning to the decade before us. Through continued restraint and more efficient and effective management of our programs and services, the level of ordinary spending by the province must be limited to the revenues available to us.

Through the fiscal planning process that has been introduced across government, Nova Scotians can be assured that they will continue to receive maximum value for their tax dollar.

The fiscal plan must not stop with balancing the operating budget. In the upcoming years the government will concentrate its efforts on reducing borrowing requirements. It is only when governments are able to stop the growth in the total debt that they can effectively begin to reduce the substantial costs associated with servicing that debt.

Every dollar applied to debt servicing is one less dollar available for the delivery of public programs and services. Over the next few years our plan is to move towards borrowing for capital requirements alone. We also intend to reduce those requirements below their current levels.

Planned reduction in borrowing requirements

Our government is convinced that Nova Scotians understand the importance of this task and will support our efforts. We remain confident that the continuation of sound management policies will ensure a gradual and steady reduction of borrowing requirements.

In establishing the 1989-90 expenditure plan, the government has had to consider very carefully the spending commitments of past years and the evolving pressures that we now face. As Nova Scotians are aware, the fiscal resources available are not limitless.

The strategic planning process initiated in 1986 will enable us to identify those programs that have become redundant and outdated. In making way for the programs and services necessary to meet the needs of Nova Scotians both today and in the future, we cannot continue to support those that no longer meet their original objectives.

The government will, however, be proceeding with its planning strategy in a realistic and orderly fashion within the fiscal plan we have established. We will ensure that the programs and services that are fundamental to the quality of life of Nova Scotians are preserved and enhanced.

EDUCATIONAL OPPORTUNITIES FOR NOVA SCOTIANS

An integral part of Nova Scotia's economic well-being rests in our ability to participate in and adapt to the rapidly advancing society in which we live. This requires the creation of a training and educational network that will enable Nova Scotians to realize their career aspirations while meeting the ever-changing requirements of the labour market.

Preparing Nova Scotians to meet challenges

The government places great emphasis on preparing Nova Scotians of all ages to meet these challenges.

Over $984 million will be allocated for the provision of educational opportunities this year.

We have directed $594.8 million to grants for school boards and municipalities for the delivery of elementary and secondary education for young Nova Scotians.

As well, the government is carefully reviewing and is moving to implement recommendations of the Advisory Committee on Public School Programs that will strengthen future curriculum requirements in Nova Scotia's Senior High School Program. This will effectively broaden and enrich the compulsory courses required. In doing so, high school students will be better prepared to take advantage of future opportunities in both the educational and business environments.

The government also believes strongly in the tremendous advantages afforded Nova Scotians through the community college system. By its nature the community college system is:

- **flexible** in its approach to program delivery
- **integrated** in its program offerings with other institutions
- **responsive** to the labour market needs of the community and
- **equipped** to reflect the technological advancements of the workplace.

Community college benefits far-reaching and long-lasting

This new concept for Nova Scotia's educational system will provide training for those entering the workplace as well as retraining and upgrading programs. The benefits of the community college system are far-reaching and long-lasting.

Additional support for post secondary education in Nova Scotia will be provided through assistance to universities. During 1989-90, funding for universities will total $215 million.

To ensure that expanded educational and training opportunities are available to all Nova Scotians, the government has also provided for the establishment of College de L' Acadie. This innovative approach to post secondary education will provide French language instruction to Francophone Nova Scotians, which will greatly assist them in acquiring the knowledge and skills necessary to succeed in their chosen fields.

COST OF HEALTH CARE

The government continues to recognize the importance of delivering quality health care to Nova Scotians.

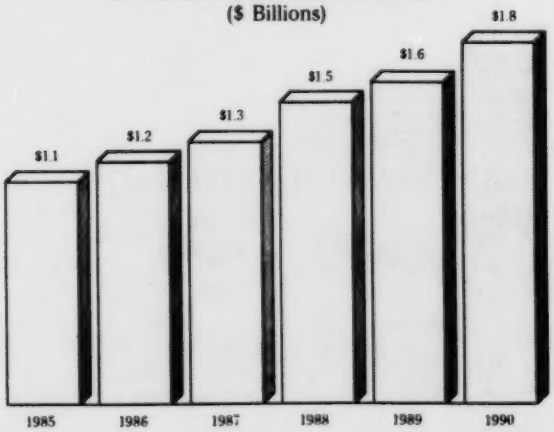
Protection of the fundamental components of the health care system, which have become so essential to the lives of the people of this province, will not be compromised.

Over $1 billion to be spent on health care delivery

As we strive to fulfill this commitment, we must come to grips with what has become an area of national concern — the staggering costs of providing health care to Canadians. In Nova Scotia alone, we will be allocating over $1 billion for the delivery of health care programs and services in 1989-90.

In the budget address of 1985-86, I indicated an accumulated deficiency of health care revenues to related expenditures slightly in excess of $1 billion. By the end of 1989-90, it is projected to be $1.8 billion.

ACCUMULATED DEFICIENCY
OF HEALTH SERVICES REVENUES
($ Billions)



as of March 31st

Given the increasing pressure this enormous cost has placed on the limited resources available, the government must seriously assess ways to effectively control costs without compromising the quality of health care in Nova Scotia.

The Royal Commission on Health Care was established in 1987-88. The mandate of the Commission is to make recommendations to government on how we might best achieve cost efficiencies in the delivery of health care programs and services.

Royal Commission to report this year

The Royal Commission has undertaken an extensive review and analysis of the costs involved in delivering health care in the province. Commission members have listened to the concerns and opinions of hundreds of Nova Scotians. The government is eagerly awaiting their recommendations, which are expected later this year.

PRESERVING THE SOCIAL FABRIC

Remaining sensitive and responsive to the social needs of Nova Scotians

During these years of rapid change and development our government has endeavoured to remain sensitive and responsive to the evolving social needs of Nova Scotians. Through our Department of Community Services we will be providing over $410 million in 1989-90 towards the delivery of a wide range of programs and services designed to help those who are less fortunate than others. This is a substantial increase of 13.3 percent over last year.

- Provincial support for the cost of maintaining persons in need in Homes for Special Care throughout Nova Scotia will increase to 66⅔ percent of the actual municipal cost. The total provincial commitment towards this program will reach $62.6 million in 1989-90 — an increase of 30.1 percent over last year's level.

- 1989-90 represents the first full year of operation of the coordinated Home Care Program in this province. The government's commitment to the combined community services and health care components of this program will total $14.8 million — more than double last year's allocation.

- Funding for the provision of children's services such as foster home care and transition and safe homes will grow from $19.5 million last year to $25.4 million in 1989-90, an increase of 30.6 percent. The provision of additional staff to Children's Aid Societies and Child Welfare Services throughout the past year reflects our continuing commitment to strengthen the services available for Nova Scotia families and children.

The quality of life must be protected and enhanced for all Nova Scotians regardless of their economic or social circumstances. The government will continue throughout the upcoming decade to meet the basic needs of Nova Scotians.

AFFORDABLE HOUSING

Providing Nova Scotians with adequate and affordable housing is also a fundamental component in meeting the social needs of Nova Scotians. Through our Department of Housing, we have continued to foster an environment in which the private sector, the communities and government are able to work together to respond to the housing needs of the people of this province.

During this fiscal year the government will continue to address the need for affordable housing within Nova Scotia. More than 1200 new housing units will be constructed during 1989-90 as a result of our government-sponsored programs.

Providing affordable housing

A further 3200 units are expected to qualify for assistance under the government's repair and renovation programs. Over 75 percent of these units will qualify for support under the Senior Citizen's Assistance Program.

Subsidies will continue for over 10,700 public housing units, 1300 rural and native housing units and the 326 rent supplement units that were previously constructed throughout the province.

I am pleased to announce that we are proceeding with an exciting new initiative, the Nova Scotia Home Ownership Savings Plan. In our continuing commitment to provide affordable housing for Nova Scotians, the introduction of such a plan will extend tax assistance to low- and middle-income families saving for the purchase of their first home. The plan will come into effect January 1, 1990.

Nova Scotia Home Ownership Savings Plan

The savings plan will complement the existing Department of Housing Second Mortgage Program, which has successfully provided assistance to hundreds of first-time home buyers in this province who are saving for the down payment necessary to construct or purchase a home. These potential home buyers will now receive a tax credit towards their personal income tax liability from savings invested in the Nova Scotia Home Ownership Savings Plan.

We are seeking the agreement of the federal government to administer this savings plan pursuant to the Income Tax Collection Agreement. I will be releasing further details on the Nova Scotia Home Ownership Savings Plan upon introduction of the necessary legislation.

PROTECTING NOVA SCOTIA'S ENVIRONMENT

Protection and enhancement of our natural environment is a vitally important aspect of life in Nova Scotia. The combined effort of government, industry and the people of Nova Scotia is essential if the quality of our environment is to be preserved for the future.

Protecting environmental assets

In last year's bugetary plan we embarked upon a comprehensive environmental enhancement program designed to improve the quality of air, water and land in this province. This year we will continue to build upon these initiatives.

We have established a Youth Conservation Corps Program to expand upon a highly successful environmental clean-up program conducted by the Department of the Environment last summer. This program will provide young Nova Scotians the opportunity to participate in the preservation and enhancement of the environment.

The government is also strengthening environmental legislation to ensure adequate protection of our natural resources. Seven Bills have been introduced in this session to address a wide range of environmental-related concerns, including litter abatement, recycling and an Act to protect the ozone layer.

As well, we will advance in the implementation of the recommendations of the Minister's Task Force on Hazardous Waste Management. In addition to establishing a section in the Department of the Environment to deal exclusively with this very important issue, we have approved regulations dealing with petroleum storage, asbestos waste, waste oil and the storage of PCB's.

Environmental enhancement underway

Studies are underway to determine the degree of river water pollution in the province and to identify the most effective ways to address the problem. This will assist in determining municipal waste water facility treatment needs throughout Nova Scotia.

The Halifax Harbour Clean-up Program is moving forward. This cooperative effort by the three levels of government will provide for the construction of a regional Halifax/Dartmouth area waste treatment system, which will greatly enhance the quality of water within the harbour.

The Nova Scotia Power Corporation Pollution Abatement Program will be instituted this year to assist the province in meeting its obligations under the Canada-Nova Scotia Acid Rain Agreement.

The enhancement of environmental programs, services and legislation represents a substantial investment in the quality of life in this province — one that this government is confident will benefit Nova Scotians for generations to come.

TAXATION CHANGES

Promoting a stable and equitable tax system

The government has consistently promoted a stable and equitable tax system. This year there are a number of initiatives that will be taken to ensure continued fairness in the system.

We will be creating a separate Tobacco Tax Act similar to the practice followed by all other provinces. At present, tax on tobacco and tobacco products is collected under the Health Services Tax Act. The administration and control of the tax on this product will be strengthened under a separate statute.

The rates to be established under the new Tobacco Tax Act effective midnight tonight are:

- cigarettes unchanged at 4.5 cents per cigarette
- finecut tobacco increased to 3.5 cents per gram
- pre-proportioned tobacco sticks set at 4.0 cents per gram
- other tobacco products unchanged at 50 percent of the selling price.

Effective midnight tonight, Health Services Tax will be applicable to retail sales of all tobacco products.

To improve compliance, regulations will be introduced under the new Tobacco Tax Act that will require, by September 1, 1989, the marking by manufacturers of all tobacco products to be sold in Nova Scotia.

Other changes under the Health Services Tax Act include:

- the exemption of generators used in the logging industry where power is not available from a public utility

- the refund of Health Services Tax paid on computers purchased by students in full-time attendance at universities or community colleges and by persons who are visually or hearing impaired or bedridden to a maximum of $300 per person.

As well, regulations will be passed to exempt from Health Services Tax, equipment used to generate electricity for emergency use in a mine.

To improve the appeal procedures under the Health Services Tax Act, the new Tobacco Tax Act and the Gasoline and Diesel Oil Tax Act, an independent Tax Review Board will be created. This Board will accelerate the process for both taxpayers and government.

We remain concerned about the implications of a federal goods and services tax for the administration of our Health Services Tax. The operation of two sales tax systems could be both complex and confusing to consumers and businesses alike. The possible short-term impacts on inflation and economic growth as well as increased costs of many

essential goods and services are also of particular concern. We will continue to pursue these issues with the federal Minister of Finance and other provinces.

There will be an increase in the insurance premium tax rates from 2 to 3 percent on gross life insurance premiums and from 3 to 4 percent on gross general insurance premiums written by companies effective July 1, 1989.

As well, there will be a number of adjustments to a variety of fees and licenses to reflect increased costs of administration.

Consistent with our aim of providing a stable and equitable tax environment, tax rates in the province have not increased in more than five years for:

- Individual Income Tax
- Corporate Income Taxes
- Health Services Tax
- Gasoline and Diesel Oil Taxes.

Once again, these rates of tax in Nova Scotia will not increase this year.

CONCLUSION

Over the past decade the policies and priorities of this government have resulted in significant fiscal, economic and social progress in Nova Scotia. The operating deficit has been substantially reduced. While meeting this fiscal objective our government not only preserved our essential public services but in many cases enhanced them. A consistent and balanced approach to fiscal management and policy implementation has been the foundation of our success.

We will continue to follow this steady course of action into the 1990's to ensure that a balanced operating budget is maintained.

Elimination of the deficit will also permit us to focus our efforts on substantially reducing borrowing requirements.

This will be achieved while continuing to provide for future economic opportunities and important social programs for the people of this province.

Sound fiscal management of provincial programs and resources, coupled with a sensitive consideration for the needs of Nova Scotians, will ensure that we are prepared to meet the challenges in the years ahead.

FINANCIAL AND SUPPLEMENTARY INFORMATION

to the Budget Address 1989-90

INDEX OF FINANCIAL AND SUPPLEMENTARY INFORMATION

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ESTIMATES 1989-90 SUMMARY

BUDGETARY REQUIREMENTS – SUMMARY

Schedule 1

ACTUAL 1987-88	FORECAST 1988-89		ESTIMATE 1989-90
		CURRENT ACCOUNT	
3,283,605,240	3,531,503,300	Ordinary Expenditures	3,754,398,400
255,170,439	279,132,700	Ordinary Recoveries	326,244,600
3,028,434,801	3,252,370,600	Net Ordinary Expenditures	3,428,153,800
2,909,288,276	3,128,653,400	Ordinary Revenues	3,379,726,700
119,146,525	123,717,200		48,427,100
3,804,730	53,593,700	Prior Years' Adjustments – Federal-Provincial Fiscal Arrangements	–
115,341,795	70,123,500	Excess of Current Operating Expenditures Over Revenues and Recoveries	48,427,100
86,460,835	90,973,100	Sinking Fund Installments and Serial Retirements	98,510,300
		CAPITAL ACCOUNT	
258,572,131	383,039,400	Expenditure Program	353,577,800
39,333,657	82,043,000	Recoveries	68,643,300
219,238,474	300,996,400	Net Capital Expenditures	294,934,500
41,255	45,000	Advances under the Appropriations Act	45,000
219,279,729	301,041,400		294,979,500
421,082,359	462,138,000	Net Budgetary Requirements	441,916,900
(18,874,394)	11,214,100	Net Increase (Decrease) in Advances and Investments	42,504,900
402,207,965	**473,352,100**		**484,421,800**

ORDINARY REVENUES – SUMMARY

Schedule 2

ACTUAL 1987-88	FORECAST 1988-89	DEPARTMENT	ESTIMATE 1989-90
		ORDINARY REVENUES	
–	1,948,700	Advanced Education and Job Training	1,981,900
965,817	824,300	Agriculture and Marketing	828,600
16,291,006	16,416,000	Attorney General	19,390,000
–	93,000	Community Services	94,000
22,726,805	23,592,700	Consumer Affairs	30,934,000
10,301	–	Culture, Recreation and Fitness	–
35,825	–	Development	–
1,998,415	1,978,600	Education	2,053,600
695,195	814,400	Environment	1,021,600
2,802,000,601	3,018,443,000	Finance	3,250,884,000
188,756	204,900	Fisheries	149,900
1,434,745	1,265,000	Government Services	1,345,000
490,352	400,000	Health and Fitness	400,000
66,790	27,400	Housing	33,000
–	60,000	Industry, Trade and Technology	60,000
255,788	301,000	Labour	385,000
7,309,667	6,732,100	Lands and Forests	8,255,400
3,264,347	3,088,000	Mines and Energy	2,888,000
32,838	32,400	Municipal Affairs	39,000
2,364,408	2,325,200	Public Service	2,462,500
–	35,100	Small Business Development	35,500
107,577	–	Social Services	–
5,911,206	6,548,600	Tourism and Culture	7,138,700
41,345,939	43,523,000	Transportation and Communications	49,347,000
1,791,898	–	Vocational and Technical Training	–
2,909,288,276	**3,128,653,400**		**3,379,726,700**
		ORDINARY RECOVERIES	
–	16,104,100	Advanced Education and Job Training	18,237,100
9,225,000	9,654,000	Assistance to Universities	9,895,000
1,379,903	2,569,200	Agriculture and Marketing	3,352,600
41,759,537	3,507,600	Attorney General	3,841,000
–	154,823,600	Community Services	177,869,500
8,690,349	–	Development	–
5,254,239	4,612,900	Education	4,770,900
90,959	50,000	Environment	50,000
389,649	267,500	Finance	121,200
251,559	295,000	Fisheries	355,000
28,329,377	29,756,900	Health and Fitness	32,102,200
1,531,306	1,770,000	Housing	2,271,600
–	6,914,600	Industry, Trade and Technology	21,974,100
750,000	825,000	Labour	825,000
97,810	101,100	Lands and Forests	105,000
1,312,235	2,554,500	Mines and Energy	–
448,784	53,000	Municipal Affairs	55,800
397,909	564,000	Public Service	573,700
136,689,851	–	Social Services	–
–	44,238,200	Solicitor General	49,475,000
102,294	110,600	Tourism and Culture	119,900
97,500	360,900	Transportation and Communications	250,000
18,372,178	–	Vocational and Technical Training	–
255,170,439	**279,132,700**		**326,244,600**

ORDINARY EXPENDITURES – SUMMARY

Schedule 3

ACTUAL 1987-88	FORECAST 1988-89	DEPARTMENT AND SERVICE	ESTIMATE 1989-90
–	78,076,800	Advanced Education and Job Training	87,487,100
189,562,735	204,095,300	Assistance to Universities	214,917,300
36,[illegible]8,463	48,724,300	Agriculture and Marketing	44,911,800
80,695,554	35,029,000	Attorney General	37,295,000
–	363,051,900	Community Services	411,390,500
4,282,179	4,226,100	Consumer Affairs	4,632,800
13,207,799	–	Culture, Recreation and Fitness	–
92,608,701	–	Development	–
615,483,764	638,801,100	Education	662,490,600
7,381,367	9,337,200	Environment	9,855,800
17,185,041	18,917,500	Finance	17,437,500
548,584,220	553,532,700	Debt Charges	586,693,600
7,700,933	9,113,000	Fisheries	9,374,500
35,898,276	40,990,800	Government Services	43,680,000
927,293,756	1,010,905,700	Health and Fitness	1,052,089,700
22,081,678	23,332,200	Housing	24,218,600
–	45,340,000	Industry, Trade and Technology	73,588,000
6,116,261	6,936,900	Labour	7,145,000
32,644,495	32,273,000	Lands and Forests	33,509,600
8,985,151	10,779,300	Mines and Energy	8,299,000
70,985,430	75,867,000	Municipal Affairs	76,233,800
44,720,987	74,096,900	Public Service	98,274,300
–	36,732,200	Small Business Development	29,265,800
322,032,018	–	Social Services	–
–	56,365,100	Solicitor General	63,021,200
16,248,236	24,327,600	Tourism and Culture	23,481,100
123,799,840	130,651,700	Transportation and Communications	135,105,800
59,958,356	–	Vocational and Technical Training	–
3,283,605,240	**3,531,503,300**		**3,754,398,400**

CAPITAL EXPENDITURES AND RECOVERIES – SUMMARY

Schedule 4

Estimate of Expenditure and Recovery of the Province of Nova Scotia
Chargeable to Capital Account for the fiscal year ending March 31, 1990

ACTUAL 1987-88	FORECAST 1988-89	DEPARTMENT	ANTICIPATED CARRY FORWARD AVAILABLE FROM 1988-89	ESTIMATE 1989-90	TOTAL PROGRAM 1989-90
		CAPITAL EXPENDITURES			
		FURNITURE AND EQUIPMENT			
—	1,200,000	Advanced Education and Job Training	—	2,200,000	2,200,000
1,366,421	1,490,400	Agriculture and Marketing	—	1,100,000	1,100,000
804,802	123,200	Attorney General	40,000	30,000	70,000
—	279,000	Community Services	—	125,000	125,000
8,000	8,000	Consumer Affairs	—	30,000	30,000
14,884	—	Development	—	—	—
131,213	143,000	Education	—	75,000	75,000
139,181	275,000	Environment	—	150,000	150,000
105,663	30,700	Finance	—	80,000	80,000
67,663	111,300	Fisheries	—	125,000	125,000
1,351,765	2,600,000	Government Services	—	2,550,000	2,550,000
35,145	134,500	Health and Fitness	—	105,000	105,000
11,569	57,200	Housing	—	45,000	45,000
—	15,000	Industry Trade and Technology	—	25,000	25,000
49,590	30,000	Labour	—	30,000	30,000
751,642	915,000	Lands and Forests	—	682,000	682,000
180,730	174,000	Mines and Energy	—	75,000	75,000
22,449	72,500	Municipal Affairs	10,100	64,900	75,000
16,193	26,100	Public Service	—	374,000	374,000
—	315,100	Small Business Development	—	40,000	40,000
100,224	—	Social Services	—	—	—
—	350,000	Solicitor General	—	45,000	45,000
222,798	306,700	Tourism and Culture	—	190,000	190,000
62,736	85,000	Transportation and Communications	—	55,000	55,000
996,723	—	Vocational and Technical Training	—	—	—
6,439,391	8,741,700		50,100	8,195,900	8,246,000
		OTHER			
232,445	661,900	Agriculture and Marketing	—	600,000	600,000
8,005,499	—	Attorney General	—	—	—
49,309,625	—	Development	—	—	—
42,958	61,700	Education	103,300	351,300	454,600
806,501	716,000	Environment	364,000	866,000	1,230,000
—	—	Fisheries	—	700,000	700,000
—	114,157,600	Industry, Trade and Technology	5,529,000	71,451,700	76,980,700
5,572,347	9,555,800	Lands and Forests	—	7,700,000	7,700,000
4,500,000	3,000,000	Municipal Affairs	—	1,340,400	1,340,400
900,000	900,000	Public Service	—	8,950,000	8,950,000
—	883,000	Small Business Development	80,000	—	80,000
—	214,900	Solicitor General	—	300,000	300,000
721,624	30,000	Tourism and Culture	—	—	—
70,090,999	130,180,900		6,076,300	92,259,400	98,335,700

ACTUAL 1987-88	FORECAST 1988-89	DEPARTMENT	ANTICIPATED CARRY FORWARD AVAILABLE FROM 1988-89	ESTIMATE 1989-90	TOTAL PROGRAM 1989-90
		CAPITAL GRANTS			
1,017,680	32,000	Assistance to Universities	—	—	—
148,311	30,000	Attorney General	—	—	—
623,011	—	Development	—	—	—
9,341,533	10,530,700	Education	481,200	15,530,800	16,012,000
2,152,353	2,040,900	Environment	839,100	2,040,900	2,880,000
25,937,446	30,449,000	Health and Fitness	4,088,600	35,911,400	40,000,000
—	1,112,000	Industry, Trade and Technology	88,000	992,000	1,080,000
18,998,297	23,125,200	Municipal Affairs	2,007,900	24,948,100	26,956,000
6,874,840	4,812,500	Public Service	—	5,398,100	5,398,100
—	159,700	Small Business Development	—	—	—
—	100,000	Solicitor General	—	100,000	100,000
7,422,808	9,477,300	Transportation and Communications	—	11,800,000	11,800,000
72,516,279	81,869,300		7,504,800	96,721,300	104,226,100
89,025,750	117,903,300	TRANSPORTATION	1,092,000	124,683,000	125,775,000
20,499,712	44,344,200	PUBLIC WORKS AND SPECIAL PROJECTS	—	26,995,000	26,995,000
258,572,131	**383,039,400**	**Total Capital Expenditures**	**14,723,200**	**348,854,600**	**363,577,800**
		CAPITAL ADVANCES			
41,255	45,000	Agriculture and Marketing	—	45,000	45,000
41,255	**45,000**	**Total Capital Advances**	**—**	**45,000**	**45,000**
258,613,386	**383,084,400**	**Total to be Voted Under the Appropriations Act**	**14,723,200**	**348,899,600**	**363,622,800**
		CAPITAL RECOVERIES			
		FURNITURE AND EQUIPMENT			
—	—	Advanced Education and Job Training	—	500,000	500,000
—	—	Public Service	—	264,000	264,000
—	—		—	764,000	764,000
		OTHER			
24,876,117	—	Development	—	—	—
—	6,700	Education	—	161,600	161,600
—	70,882,400	Industry, Trade and Technology	3,807,400	37,240,300	41,047,700
24,876,117	70,889,100		3,807,400	37,401,900	41,209,300
		CAPITAL GRANTS			
1,151,929	1,621,900	Transportation and Communications	—	2,300,000	2,300,000
1,151,929	1,621,900		—	2,300,000	2,300,000
2,058,283	7,943,000	TRANSPORTATION	—	22,375,000	22,375,000
11,247,328	1,589,000	PUBLIC WORKS AND SPECIAL PROJECTS	—	1,995,000	1,995,000
39,333,657	**82,043,000**	**Total Capital Recoveries**	**3,807,400**	**64,835,900**	**68,643,300**

STATUTORY CAPITAL ITEMS – SUMMARY

Schedule 5

ACTUAL 1987-88	FORECAST 1988-89	CAPITAL ADVANCES AND INVESTMENTS	ESTIMATE 1989-90
		ADDITIONAL ADVANCES AND INVESTMENTS	
12,614,836	15,078,000	Fisheries Development Fund	10,000,000
4,838,675	8,633,000	Industrial Development Act	42,000,000
6,331,543	1,094,000	Industrial Estates Limited	–
3,670,000	5,999,000	Industrial Loan Act	500,000
–	11,654,000	Nova Scotia Business Capital Corporation	19,500,000
19,283,653	14,000,000	Nova Scotia Farm Loan Board	12,000,000
52,159,565	38,016,000	Housing Development Fund	42,087,600
179,510	–	Nova Scotia Power Corporation Act	–
4,491,071	4,896,000	Small Business Development Fund	5,500,000
8,073,614	8,196,000	Universities Assistance Act	8,401,500
2,075,250	1,241,000	Venture Corporations Act	1,000,000
113,717,717	**108,807,000**		**140,989,100**
		REPAYMENTS	
13,661,391	10,202,000	Fisheries Development Fund	13,000,000
7,027,756	5,520,000	Industrial Development Act	10,800,000
15,269,780	6,789,000	Industrial Estates Limited	2,800,000
4,599,767	5,557,000	Industrial Loan Act	2,450,000
229,250	230,200	Municipal Hospitals Loan Act	230,200
1,530,321	1,568,400	Municipal Loan and Building Fund Act	1,372,700
–	693,000	Nova Scotia Business Capital Corporation	4,450,000
15,528,707	11,200,000	Nova Scotia Farm Loan Board	11,500,000
50,476,850	43,494,000	Housing Development Fund	41,527,100
304,156	94,000	– Nova Scotia-Canada, Home Insulation Program	75,000
4,488,281	4,918,000	Nova Scotia Power Corporation Act	5,196,000
170,794	–	School Loan Fund Act	–
3,093,020	3,301,000	Small Business Development Fund	3,500,000
13,900,934	2,317,000	Universities Assistance Act	–
–	244,000	Venture Corporations Act	–
2,311,104	1,465,300	Miscellaneous	1,583,200
132,592,111	**97,592,900**		**98,484,200**
2,490,150	**2,600,000**	CAPITAL EXPENDITURE	**2,600,000**

NOTE: Statutory Capital Items for which no vote is required under the Appropriations Act.

FINANCIAL STATISTICS

HISTORICAL ANALYSIS OF GROSS REVENUES BY SOURCE

Schedule 6

	1985-86	1986-87	1987-88	FORECAST 1988-89	ESTIMATE 1989-90
Provincial Sources (thousands of dollars)	1,560,095	1,675,308	1,875,693	2,018,354	2,149,990
Income Taxes	648,036	686,963	809,981	895,006	909,149
Health Services Tax	495,270	544,709	612,086	665,000	674,000
Tobacco Tax	—	—	—	—	77,000 (1)
Motive Fuel Taxes	124,451	114,104	116,406	116,600	120,000
Liquor Commission Profits	82,453	83,452	84,056	78,800	80,500
Interest Revenues	73,303	78,166	73,530	76,354	79,260
Registry of Motor Vehicles	34,325	39,224	40,318	42,469	48,303
Other Provincial Sources	102,257	128,690	139,316	144,125	161,778
Federal Sources (thousands of dollars)	1,140,254	1,209,823	1,252,363	1,439,361	1,531,016
Equalization	621,338	651,840	686,068	816,195	849,523
Established Programs Financing	337,608	341,390	349,081	347,192	377,963
Shared Cost Programs	178,709	213,428	214,461	275,213	301,163
Other Federal Sources	2,599	3,165	2,753	761	2,367
Other Recoveries (thousands of dollars)	61,735	70,880	79,541	85,708	93,608
Total Gross Revenues	**2,762,084**	**2,956,011**	**3,207,597**	**3,543,423**	**3,774,614**
Provincial Sources (as a percent of Total Gross Revenues)	56.5	56.7	58.5	57.0	57.0
Income Taxes	23.5	23.2	25.3	25.2	24.1
Health Services Tax	17.9	18.4	19.1	18.8	17.9
Tobacco Tax	—	—	—	—	2.0 (1)
Motive Fuel Taxes	4.5	3.9	3.6	3.3	3.2
Liquor Commission Profits	3.0	2.8	2.6	2.2	2.1
Interest Revenues	2.7	2.6	2.3	2.2	2.1
Registry of Motor Vehicles	1.2	1.3	1.3	1.2	1.3
Other Provincial Sources	3.7	4.5	4.3	4.1	4.3
Federal Sources (as a percent of Total Gross Revenues)	41.3	40.9	39.0	40.6	40.6
Equalization	22.5	22.1	21.4	23.0	22.5
Established Programs Financing	12.2	11.5	10.9	9.8	10.0
Shared Cost Programs	6.5	7.2	6.6	7.7	8.0
Other Federal Sources	0.1	0.1	0.1	0.1	0.1
Other Recoveries (as a percent of Total Gross Revenues)	2.2	2.4	2.5	2.4	2.4
Total Gross Revenues	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

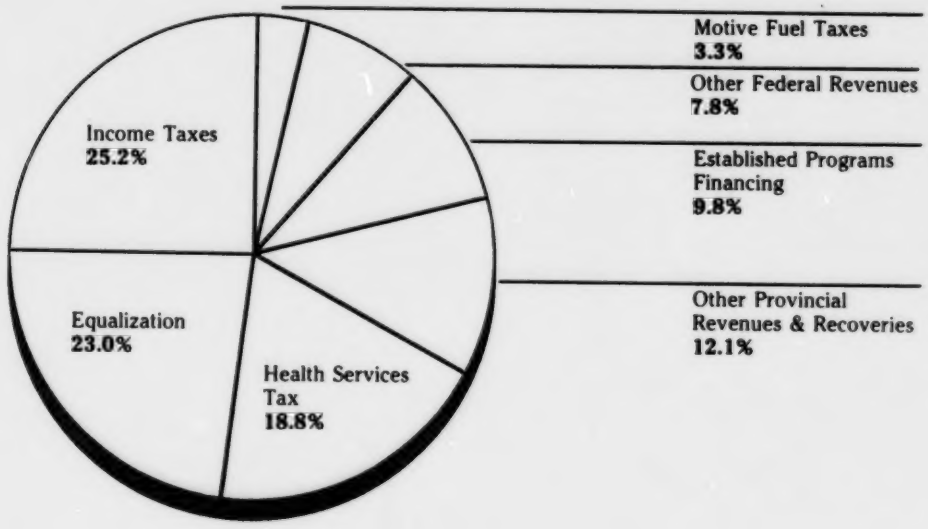
(1) Prior to 1989-90, revenues derived from the sales tax on tobacco products were included solely in the Health Services Tax.

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

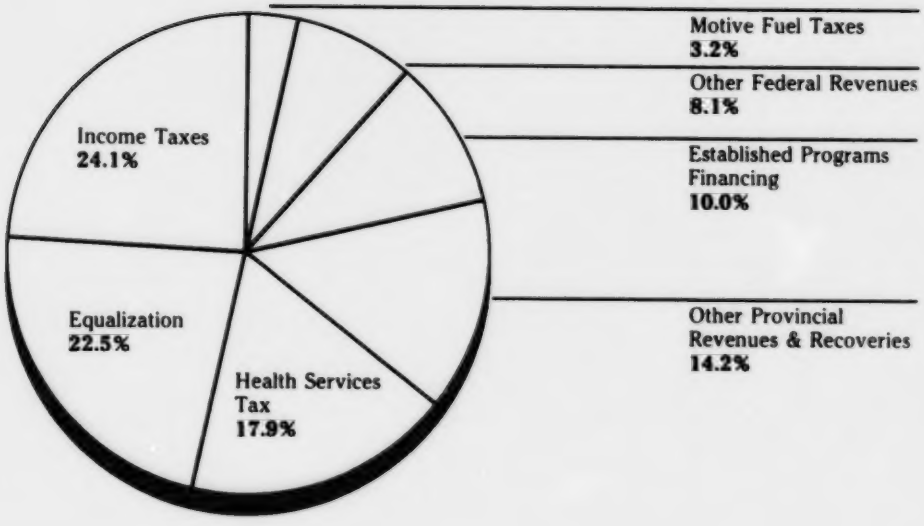
GROSS REVENUES BY SOURCE

Chart 1

1988-89



1989-90



NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

HISTORICAL ANALYSIS OF GROSS EXPENDITURES BY FUNCTION

Schedule 7

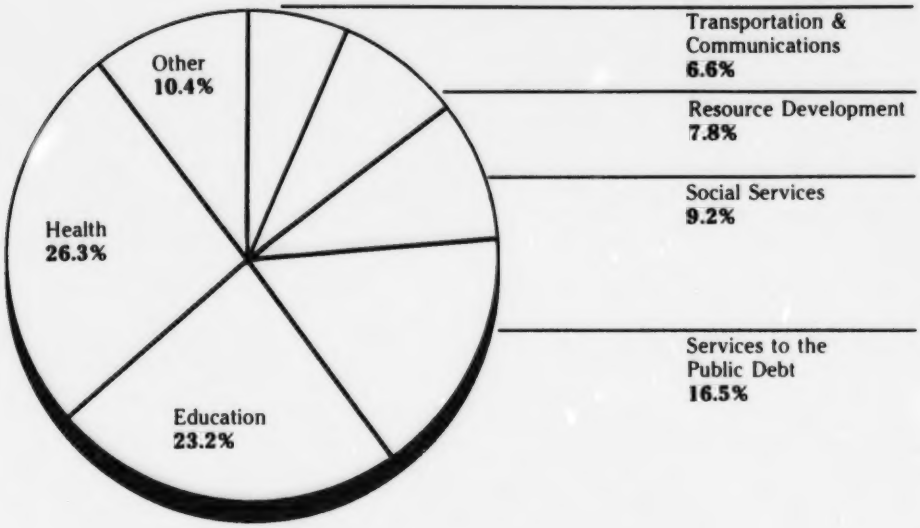
	1985-86	1986-87	1987-88	FORECAST 1988-89	ESTIMATE 1989-90
Function (thousands of dollars)					
General Government	103,503	121,493	87,121	139,506	115,074
Public Protection	78,936	102,089	126,847	135,015	142,205
Transportation and Communications	225,059	195,675	226,395	265,379	283,168
Resource Development	231,655	226,941	225,127	315,105	321,727
Health	849,507	906,608	969,613	1,056,725	1,129,896
Social Services	292,451	307,683	333,155	369,751	427,456
Education	768,051	837,610	867,083	933,839	984,839
Culture and Recreation	31,669	31,911	34,178	50,554	50,626
Services to the Public Debt	616,429	645,563	652,303	664,531	707,439
Municipal Affairs	78,243	75,973	90,473	88,970	99,206
Total Gross Expenditures	**3,275,503**	**3,451,546**	**3,612,295**	**4,019,375**	**4,261,636**
Function (as a percent of Total Gross Expenditures)					
General Government	3.2	3.5	2.4	3.5	2.7
Public Protection	2.4	3.0	3.5	3.4	3.4
Transportation and Communications	6.9	5.6	6.3	6.6	6.7
Resource Development	7.1	6.6	6.2	7.8	7.5
Health	25.9	26.3	26.8	26.3	26.5
Social Services	8.9	8.9	9.2	9.2	10.0
Education	23.4	24.3	24.0	23.2	23.1
Culture and Recreation	1.0	0.9	1.0	1.3	1.2
Services to the Public Debt	18.8	18.7	18.1	16.5	16.6
Municipal Affairs	2.4	2.2	2.5	2.2	2.3
Total Gross Expenditures	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

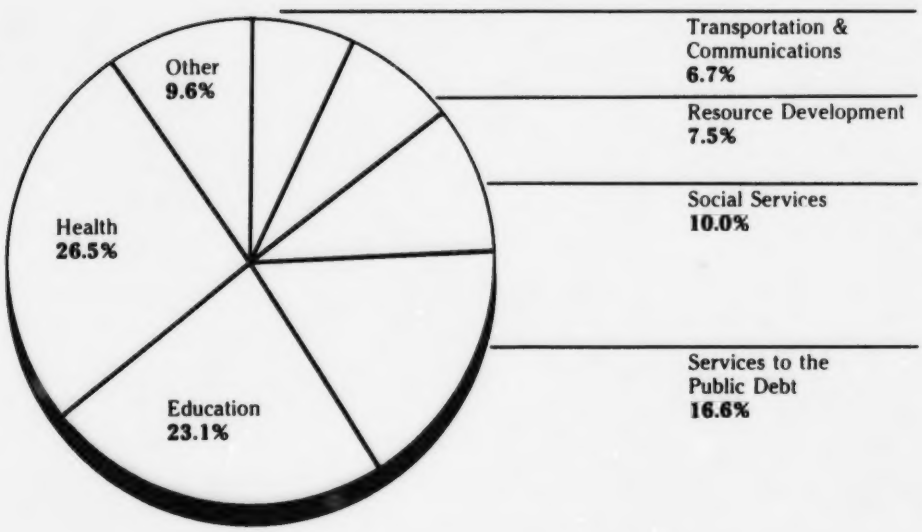
GROSS EXPENDITURES BY FUNCTION

Chart 2

1988-89



1989-90



NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

GROSS ORDINARY EXPENDITURES BY FUNCTION

Schedule 8

Function (thousands of dollars)	1985-86	1986-87	1987-88	FORECAST 1988-89	ESTIMATE 1989-90
General Government	99,102	105,346	82,712	112,894	103,470
Public Protection	77,290	97,465	116,241	131,889	139,328
Transportation and Communications	114,464	110,027	127,369	134,648	141,604
Resource Development	190,955	147,355	171,474	170,616	186,012
Health	822,246	871,302	937,473	1,023,768	1,085,794
Social Services	292,307	307,525	332,786	369,320	427,235
Education	757,909	806,287	856,265	912,038	958,018
Culture and Recreation	28,709	29,944	30,022	36,469	36,539
Services to the Public Debt	616,429	645,563	652,303	664,531	707,439
Municipal Affairs	61,337	59,574	63,421	66,303	67,469
Total Gross Expenditures	**3,060,748**	**3,180,388**	**3,370,066**	**3,622,476**	**3,852,908**

NOTE: Includes Ordinary Expenditures and Sinking Fund Installments.

GROSS CAPITAL EXPENDITURES BY FUNCTION

Schedule 9

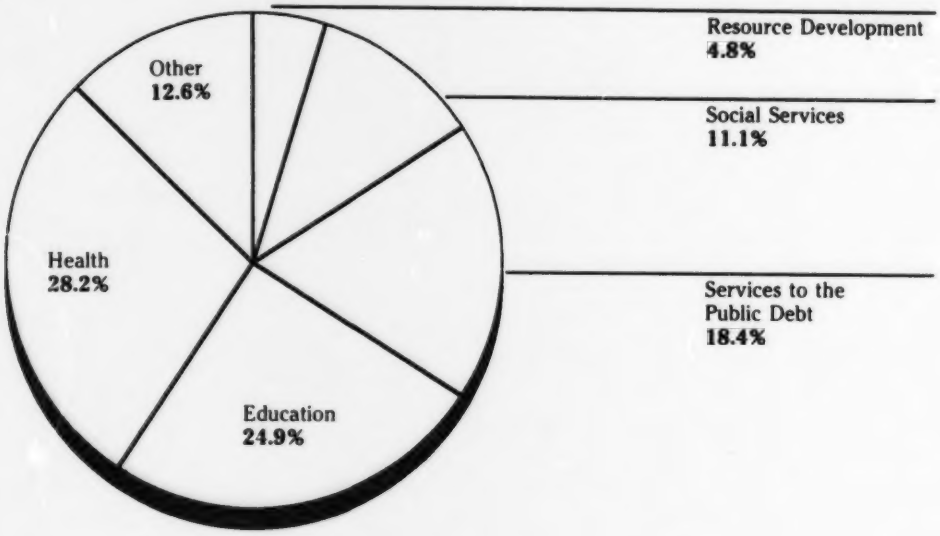
Function (thousands of dollars)	1985-86	1986-87	1987-88	FORECAST 1988-89	ESTIMATE 1989-90
General Government	4,401	16,147	4,409	26,612	11,604
Public Protection	1,646	4,624	10,606	3,126	2,877
Transportation and Communications	110,595	85,648	99,026	130,731	141,564
Resource Development	40,700	79,586	53,653	144,489	135,715
Health	27,261	35,306	32,140	32,957	44,102
Social Services	144	158	369	431	221
Education	10,142	31,323	10,818	21,801	26,821
Culture and Recreation	2,960	1,967	4,156	14,085	14,087
Municipal Affairs	16,906	16,399	27,052	22,667	31,737
Total Gross Expenditures	**214,755**	**271,158**	**242,229**	**396,899**	**408,728**

NOTE: Includes Capital Expenditures and net increase (decrease) in Capital Advances and Investments.

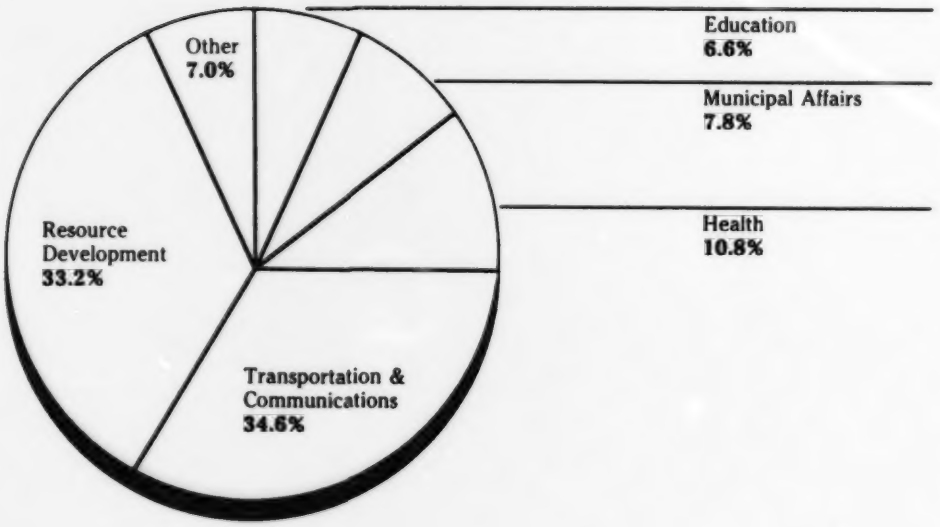
GROSS ORDINARY AND CAPITAL EXPENDITURES BY FUNCTION

Chart 3

ORDINARY EXPENDITURES
1989-90



CAPITAL EXPENDITURES
1989-90



NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

TRANSFER PAYMENTS FROM THE GOVERNMENT OF CANADA

Schedule 10

(millions of dollars)

FISCAL YEAR	UNCONDITIONAL TRANSFERS[1]	CONDITIONAL TRANSFERS[2]	TOTAL TRANSFERS	ANNUAL PERCENT CHANGE	PERCENT OF TOTAL GROSS REVENUES
1979-80	640	159	799	9.9	50.2
1980-81	688	157	845	5.8	47.9
1981-82	799	164	963	14.0	48.6
1982-83	837	161	998	3.7	45.9
1983-84	916	178	1,094	9.6	45.2
1984-85	961	185	1,146	4.8	43.8
1985-86	962	178	1,140	(0.5)	41.3
1986-87	996	214	1,210	6.1	40.9
1987-88	1,038	214	1,252	3.6	39.0
1988-89 F	1,164	275	1,439	14.9	40.6
1989-90 E	1,230	301	1,531	6.4	40.6

1 Unconditional Transfers which currently include Equalization Payments, Established Programs Financing Cash Transfers and Statutory Subsidies, constitute those payments from the Federal Government that may be spent in any manner.

2 Conditional Transfers constitute those payments from the Federal Government that must be spent on the specific programs for which the transfers are made. In essence, the Conditional Transfers pertain to shared-cost programs.

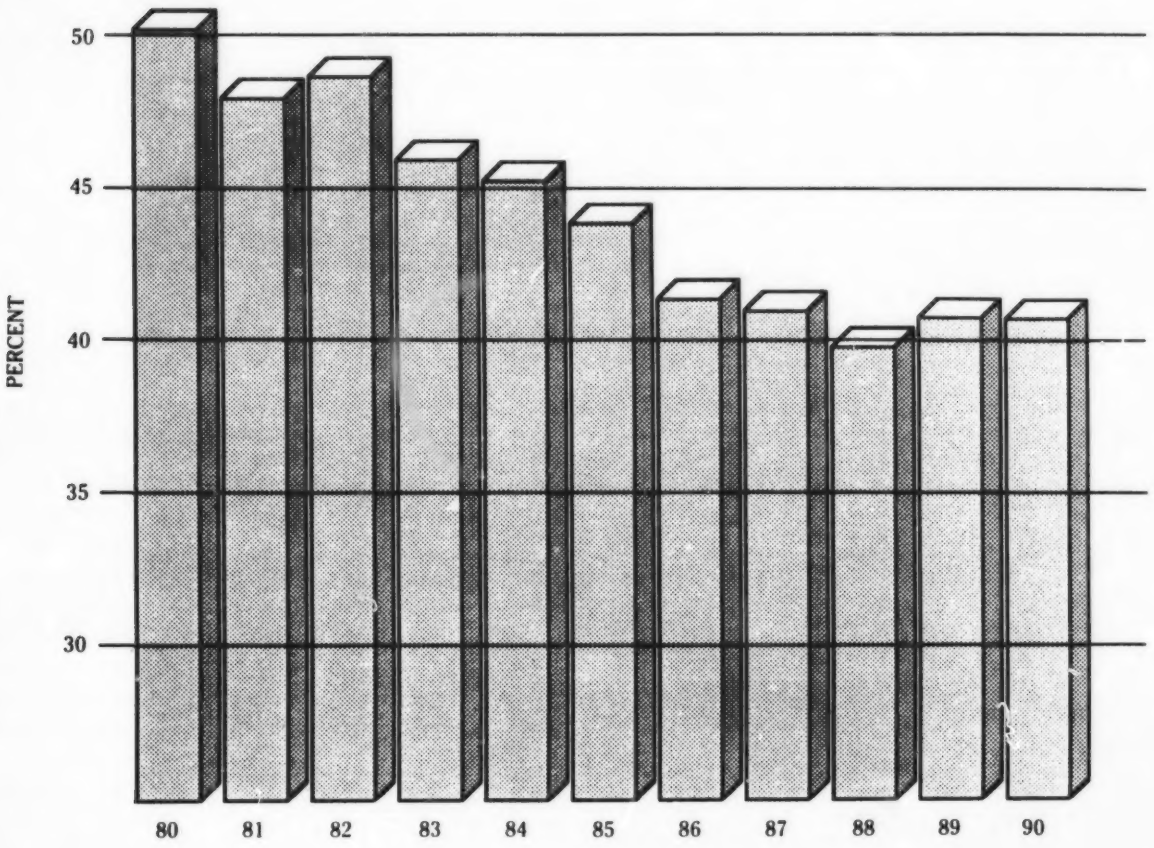
F Forecast

E Estimate

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

TRANSFERS FROM THE GOVERNMENT OF CANADA AS A PERCENT OF TOTAL GROSS REVENUES

Chart 4



SUMMARY OF ORDINARY REVENUES AND EXPENDITURES BY SOURCE AND FUNCTION

Schedule 11

(thousands of dollars)

	ESTIMATE 1988-89	FORECAST 1988-89	ESTIMATE 1989-90
ORDINARY REVENUES AND RECOVERIES BY SOURCE			
Provincial Sources			
Income Taxes	827,423	845,211	909,149
Health Services Tax	650,000	665,000	674,000
Tobacco Tax	—	—	77,000 (1)
Motive Fuel Taxes	117,000	116,600	120,000
Liquor Commission Profits	88,800	78,800	80,500
Interest Revenues	72,600	76,354	79,260
Registry of Motor Vehicles	43,069	42,469	48,303
Other Provincial Sources	144,339	140,649	161,778
Federal Sources			
Equalization	773,000	795,821	849,523
Established Programs Financing	378,300	365,498	377,963
Shared Cost Programs	206,282	194,792	235,320
Other Federal Sources	2,352	2,506	2,367
Other Recoveries	83,445	84,086	90,808
Total Ordinary Revenues and Recoveries	**3,386,610**	**3,407,786**	**3,705,971**
ORDINARY EXPENDITURES BY FUNCTION			
General Government	96,382	112,894	103,470
Public Protection	130,146	131,889	139,328
Transportation and Communications	131,229	134,648	141,604
Resource Development	173,985	170,616	186,012
Health	998,655	1,023,768	1,085,794
Social Services	367,273	369,320	427,235
Education	911,267	912,038	958,018
Culture and Recreation	33,980	36,469	36,539
Interest on the Public Debt	595,928	573,558	608,929
Municipal Affairs	65,689	66,303	67,469
Total Ordinary Expenditures	**3,504,534**	**3,531,503**	**3,754,398**
Prior Years' Adjustments – Federal-Provincial Fiscal Arrangements	—	53,594	—
Excess of Current Expenditures Over Revenues and Recoveries	117,924	70,123	48,427
Sinking Fund Installments and Serial Retirements	91,092	90,973	98,510

(1) Prior to 1989-90, revenues derived from the sales tax on tobacco products were included solely in the Health Services Tax.

ECONOMIC INDICATORS

GROSS DOMESTIC PRODUCT AT MARKET PRICES

Schedule 12

(millions of dollars)

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1979	6,093.0	9.4	276,132.0	14.3
1980	6,292.0	3.3[2]	309,680.0	12.1
1981	7,345.0	16.7	355,647.0	14.8
1982	8,462.0	15.2	373,898.0	5.1
1983	9,629.0	13.8	403,262.0	7.9
1984	10,701.0	11.1	443,654.0	10.0
1985	11,552.0	8.0	477,881.0	7.7
1986	12,494.0	8.2	506,103.0	5.9
1987	13,374.0	7.0	549,397.0	8.6
1988	14,255.0$_p$	6.6	600,033.0$_p$	9.2
1989	15,110.0$_p$	6.0	645,035.0$_p$	7.5

1 Source – Nova Scotia Department of Industry, Trade and Technology

2 Gross Domestic Product at market prices represents the value added by each of the factors of production plus indirect taxes less subsidies. The substantial increase in the value of subsidies paid to importers of crude oil and petroleum products in 1980 in Nova Scotia had a proportionately greater impact on Nova Scotia Gross Domestic Product at market price than the impact of such subsidies on Gross Domestic Product at market price for Canada as a whole.

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

CONSUMER PRICE INDEX

(1981 = 100.0)

Schedule 13

YEAR	HALIFAX[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1979	80.8	8.9	80.7	9.2
1980	89.4	10.6	88.9	10.2
1981	100.0	11.9	100.0	12.5
1982	109.6	9.6	110.8	10.8
1983	116.8	6.6	117.2	5.8
1984	121.9	4.4	122.3	4.4
1985	127.3	4.4	127.2	4.0
1986	131.7	3.5	132.4	4.1
1987	136.4	3.6	138.2	4.4
1988	141.4	3.7	143.8	4.1
1989	147.0_p	4.0	150.3_p	4.5

1 Source – Statistics Canada: "The Consumer Price Index"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

NOTE: The Consumer Price Index measures the percentage change through time in the cost of purchasing a constant "basket" of goods and services representing the purchases made by a particular population group in a specified time period. The Consumer Price Index used in this table is an annual average of the monthly indices.

PERSONAL INCOME PER CAPITA

(dollars)

Schedule 14

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1979	7,213.0	10.3	9,242.0	11.4
1980	7,858.0	8.9	10,352.0	12.0
1981	8,994.0	14.5	12,046.0	16.4
1982	10,206.0	13.5	13,214.0	9.7
1983	10,977.0	7.6	13,831.0	4.7
1984	11,941.0	8.8	14,894.0	7.7
1985	12,831.0	7.5	15,978.0	7.3
1986	13,685.0	6.7	16,916.0	5.9
1987	14,679.0	7.3	18,068.0	6.8
1988	15,560.0$_p$	6.0	19,182.0$_p$	6.2
1989	16,308.0$_p$	4.8	20,475.0$_p$	6.7

1 Source – Nova Scotia Department of Industry, Trade and Technology

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

LABOUR FORCE

(thousands of persons)

Schedule 15

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1979	346.0	2.4	11,231.0	3.1
1980	356.0	2.9	11,573.0	3.0
1981	359.0	0.8	11,899.0	2.8
1982	360.0	0.3	11,926.0	0.2
1983	368.0	2.2	12,109.0	1.5
1984	385.0	4.6	12,316.0	1.7
1985	385.0	0.0	12,532.0	1.8
1986	392.0	1.8	12,746.0	1.7
1987	399.0	1.8	13,011.0	2.1
1988	408.0	2.3	13,275.0	2.0
1989	415.0$_p$	1.7	13,527.0$_p$	1.9

1 Source – Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

EMPLOYMENT

(thousands of persons)

Schedule 16

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1979	311.0	2.6	10,395.0	4.1
1980	321.0	3.2	10,708.0	3.0
1981	322.0	0.3	11,001.0	2.7
1982	313.0	(2.8)	10,618.0	(3.5)
1983	319.0	1.9	10,675.0	0.5
1984	335.0	5.0	10,932.0	2.4
1985	333.0	(0.6)	11,221.0	2.6
1986	341.0	2.4	11,531.0	2.8
1987	350.0	2.6	11,861.0	2.9
1988	366.0	4.6	12,244.0	3.2
1989	373.0_p	1.9	$12,501.0_p$	2.1

1 Source – Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

UNEMPLOYMENT

(thousands of persons)

Schedule 17

YEAR	NOVA SCOTIA[1]		CANADA[1]	
	UNEMPLOYED	UNEMPLOYMENT RATE %	UNEMPLOYED	UNEMPLOYMENT RATE %
1979	35.0	10.1	836.0	7.4
1980	35.0	9.7	865.0	7.5
1981	36.0	10.1	898.0	7.5
1982	47.0	13.1	1,308.0	11.0
1983	48.0	13.2	1,434.0	11.8
1984	50.0	13.0	1,384.0	11.2
1985	52.0	13.6	1,311.0	10.5
1986	51.0	13.1	1,215.0	9.5
1987	49.0	12.3	1,150.0	8.8
1988	42.0	10.2	1,031.0	7.8
1989	42.0_p	10.1	$1,026.0_p$	7.6

1 Source – Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

NOTE: The Unemployment Statistics shown in this table are annual averages of the monthly indices.